



SRO PRESERVATION INITIATIVE

City of Chicago
Department of Housing
121 N. LaSalle - Room 1006
Chicago, IL 60602

DECEMBER 15, 2014
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CITY OF CHICAGO

SRO PRESERVATION INITIATIVE

One of Chicago's strengths is its diverse housing stock. Single Room Occupancy (SRO) buildings provide affordable housing opportunities essential to the quality of life for many Chicago residents. The City of Chicago, in partnership with other government and community-based organizations, supports preservation efforts of SRO properties through investment and various financing mechanisms that creates and preserves affordability for low- and moderate-income households. The SRO Preservation Initiative will invest financial resources such as forgivable loans and subsidies to preserve 700 SRO units over the next five years.

As the principal planning agency for the City of Chicago, the Department of Housing (DOH) promotes the comprehensive growth and well-being of the City and its neighborhoods. In 2014, the City released the five-year housing plan, *Bouncing Back*, which outlines policy initiatives and provides production estimates for more than \$1.3 billion in spending from 2014-2018 to create, improve, and preserve more than 41,000 units of housing. In addition to its planning functions, the housing bureau employs a variety of resources to encourage a diverse and stable housing stock throughout the city.

City of Chicago – Multi-Family Housing Financing

DOH will review applications for public funds and other subsidies from property owners and developers which are necessary to pay a portion of project-specific costs for rehabilitating and preserving SRO units within the City. Financing programs currently administered by DOH includes Low-Income Housing Tax Credits, tax exempt bond financing, City of Chicago Affordable Housing Opportunity Funds, as well as other federal, state and local funds awarded in the form of first and second mortgage loans. Funding under each program is dependent on the availability of resources.

City of Chicago – Tax Increment Financing (TIF)

TIF is a tool to encourage economic and community development. Increment generated in the TIF District supports approved redevelopment plans. By State law TIF funds may be spent on certain development and infrastructure related expenses within district boundaries. Projects funded include residential construction and building rehabilitation and can be used to support infrastructure repairs, clean polluted land and put vacant properties back to productive use.

Chicago Housing Authority – Development Financing & Rental Subsidies

CHA is the third largest public housing authority in the country. Through its *Plan Forward*, the CHA works to provide quality housing in healthy and vibrant communities to enable low-income families to maximize their potential. Capital loans with operating subsidy are available to eligible SRO property owners through the Mixed Finance Program. CHA will also review applications from SRO properties for Rental Assistance through the Property Rental Assistance (PRA) program. Targeted funding is for properties located in "Opportunity Areas" in order to support diversity of housing options throughout the City of Chicago.

Chicago Low-Income Housing Trust Fund

The **Trust Fund** is the nation's largest city funded rental assistance program providing rental assistance to low-income households. The Trust Fund works with property owners and developers to create affordable housing opportunities for low-income households through its Rental Subsidy and Multi-year Affordability through Upfront Investment (MAUI) programs. The Trust Fund will accept applications from SRO property owners and developers to create affordability for those living below 30% of the area median income. Funding under each program is dependent on the availability of resources.

SRO PRESERVATION INITIATIVE

SRO DESCRIPTION

- An SRO building is defined as a building that contains five or more single-room occupancy units and in which at least 90 percent of the units are SRO units.
- An SRO unit is described in the Municipal Code of Chicago (Section 17-17-02164)
A dwelling unit within a single-room occupancy (building) that is used or intended to be used as sleeping quarters or living quarters with or without cooking facilities, and that contains not more than one habitable room consisting of not more than 250 square feet of floor area, excluding from the calculation of floor area any kitchen having less than 70 square feet of floor area.

SRO LICENSING

- The City Department of Business Affairs and Consumer Protection (BACP) licenses SROs. Reach out to BACP for more information at businesslicense@cityofchicago.org. Applicants may apply for SRO licenses online at webapps1.chicago.gov/AccountServices or by meeting in-person with a BACP Business Consultant at the Small Business Center. Appointments are recommended for in-person license applicants and may be made by calling 312-74-GOBIZ (744-6249).
- BACP Business License information:
http://www.cityofchicago.org/city/en/depts/bacp/sbc/business_licensing.html

SALE OR TRANSFER (5-15-050)

- Property Owner Responsibilities:
- Notify the Tenants 180 days before the proposed sale / transfer of the property.
 - In writing to the tenants
 - Mailed and hand delivery
- Notify both the Chicago Department of Housing and the Chicago Department of Law in writing by first class mail:
 - Chicago Department of Housing
ATTN: Managing Deputy Commissioner
121 N. La Salle – Room 1000
Chicago, IL 60602
 - Chicago Department of Law
ATTN: Steven Q. McKenzie, Building and License Enforcement Division
2 N. La Salle – Suite 320
Chicago, IL 60602

Allow 180 days following the date of notice to the City and tenants (or whichever day is later if notice occurred on different days) for a buyer intending to maintain the SRO as affordable housing to tender an offer to purchase the property.

During this time, a seller may NOT enter into contract or sell to a non-affordable buyer, unless they pay the fee described in 5-15-050(a)(2). A seller MAY enter into contract with an affordable buyer during this time.

Throughout the 180-day period a seller must engage in good-faith negotiations with any potential affordable buyer.

When the 180-day period has expired, the seller may enter into a purchase and sale agreement with any buyer for 120 days. If after 300 days from the date of notice of intent to sell the seller has not entered

into a purchase and sale agreement and still intends to sell, they must repeat the process described above.

City of Chicago / Department of Housing Responsibilities

- Notice to affordable housing developers.

The City of Chicago / Department of Housing (DOH) shall receive written notice of **Intent to Sell**. DOH will forward the Property Sales contact information to housing development businesses and organizations that have requested notice when the Intent to Sell has been received by the City.

- Housing Developers and other interested parties shall advise the City that they seek information of the Notice of Sale.

Information Request
shall be emailed to: SROPRESERVATION@cityofchicago.org or
DOH@cityofchicago.org

Or mailed to: Managing Deputy Commissioner
Chicago Department of Housing
121 N. La Salle – Room 1006
Chicago, IL 60602

- Provide SRO buyers with information about financing options and processes

- DOH staff will meet with SRO owners / buyers to provide information regarding financing options.
- The Preservation Compact staff will meet with owners / buyers to provide information regarding other financing options.
- Referrals will be made to other funders / lenders, including the Chicago Housing Authority and the Illinois Housing Development Authority

Financing Options (existing owner or buyer)

SRO Financing Review (For Sale or Existing Owner)

- Owners / developers of SRO properties that seek to apply for City of Chicago for financing in order to create or preserve affordable housing shall submit to the City of Chicago the Multi-Family Loan (MFL) Application.
- MFL applications will be reviewed by DOH staff member for City resources
- Multi-Family Loan Application

https://www.chicago.gov/content/dam/city/depts/doh/qap/qap_2023/2023_mf_application_FILABLEFormat%20.pdf

SRO RESOURCES

The Chicago Department of Housing will provide linkage to information and a connection to resources that support the creation and preservation of SRO housing. SRO property owners and developers seeking to create and preserve affordable units should contact:

DOH@cityofchicago.org / SROPreservation@cityofchicago.org / 312-744-3653

The Preservation Compact works with building owners, government and other housing stakeholders to support the preservation of affordable rental housing. Staff is available to provide information to SRO owners about available programs and resources to preserve buildings and affordable units. <https://www.preservationcompact.org/>

Cook County Assessor's Office – SRO Property Tax Class 2 and Class 3

SRO properties can apply to the Cook County Assessor’s Office for special assessment considerations if they meet program requirements. Annual Affidavits are required to ensure that the property qualifies under the program definitions.

Illinois Housing Development Authority

IHDA is committed to creating strategic partnerships and investing resources to improve the quality and affordability of housing in the State of Illinois, as well as the quality of life for residents. IHDA’s Multifamily Financing and Asset Management departments reviews applications from property developers for low-income housing tax credits, Illinois Affordable Housing Tax Credits, tax exempt bond funding, as well as other federal and state funds in the form of first and second mortgage loans and grants. The Multifamily Advantage program offers developers interested in taxable first mortgages options in financing for stabilizing through their newly created Credit Advantage and Affordable Advantage programs.

Federal Home Loan Bank Chicago

The Community Investment Group of the **FHLB Chicago** provides financing and direct funding tools that support affordable housing and local community lending initiatives of their members. FHLB Chicago member banks partner with community developers and public agencies to apply for Affordable Housing Program (AHP) funds on behalf of community projects, which the FHLB Chicago awards through a competitive process. The AHP subsidy is in the form of a grant from the FHLB Chicago to a member. By using FHLB Chicago products individually or in combination, community partners create economically competitive solutions that contribute to the quality of life in the communities they serve.

Community Investment Corporation

CIC is a Chicago-based lender for acquisition, rehabilitation, and preservation of affordable rental housing. CIC has a tailored approach to every loan, including financing programs for multifamily rental, and expedited acquisition loans for experienced developers.

Energy Savers / Community Investment Corporation

Energy is one of the least predictable operating costs in SRO and multi-family buildings. The Energy Savers Program is a partnership between CIC and Elevate Energy which offers FREE energy assessments to multi-family and SRO property owners. Low-interest Energy Savers Loans finance retrofits in properties to reduce energy costs through insulation, new lighting, efficient boilers, windows, thermostats, water-saving improvements. Energy Savers loans can be combined into an acquisition or refinance of the building.

For More Information, contact:

City of Chicago
Department of Housing
121 N. LaSalle - Room 1000
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312-744-3653 / SROPreservation@cityofchicago.org / DOH@cityofchicago.org

City of Chicago

SRO Preservation Initiative

Notification of Intent to Sell or Transfer Property



Building Address (Entire Building Address)

Name of Owner or Title holder

Mailing Address of Owner

Phone Number of Owner

Email Address of Owner

Name of Owner's Agent (if applicable)

Mailing Address of Agent

Phone Number of Agent

Email Address of Agent

Building Contact Person Regarding Sale

Phone Number of Contact Person

Email Address of Contact Person

Property Tax ID # (Cook County PIN)

Total Number of Units in Building:

Number of vacant units

Number and type of units

SRO: Studio: 1-bedroom:

Commercial Spaces:

Number of Units Occupied

As Of (Date)

☐ Rent Roll listing all tenants and units is
Attached

☐ Notification of intent to sell that was provided
to the Tenants Attached

City of Chicago Business License Number

Year of License:

Is there an application for a Permit from the
Chicago Department of Buildings?

☐ Yes ☐ No

Date: Application #

MAIL TO:

City of Chicago

Department of Housing

ATTN: Managing Deputy Commissioner

121 N. La Salle – Room 1000

Chicago, IL 60602

and

City of Chicago

Department of Law

ATTN: Steven McKenzie,

Building & License Enforcement Division

2N La Salle Suite 320

Chicago, IL 60602

CITY OF CHICAGO
DEPARTMENT OF HOUSING
SRO PRESERVATION INITIATIVE

CITY OF CHICAGO Responsibilities

SRO	Date	Notes:
- Property Notified City of Intent to Sell		
- Property Notified Tenants of Intent		
City Steps		
- Notification of Developers		
Notification of City Departments <input type="checkbox"/> Law <input type="checkbox"/> Department of Buildings <input type="checkbox"/> Zoning		
Is Property in Building Court?		
Has Property Applied for Building Permits		

Other: